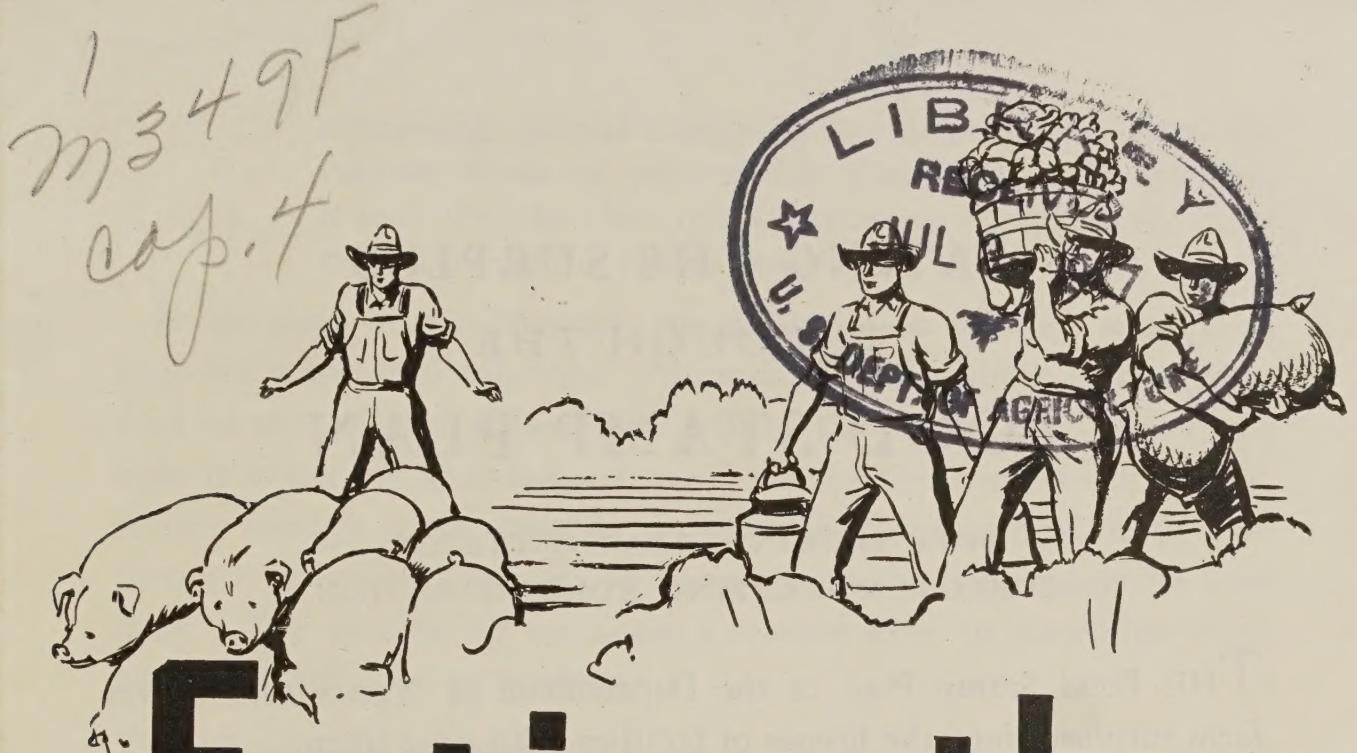


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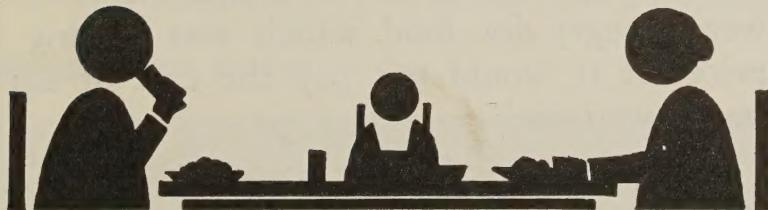
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Eating the Surplus

through the

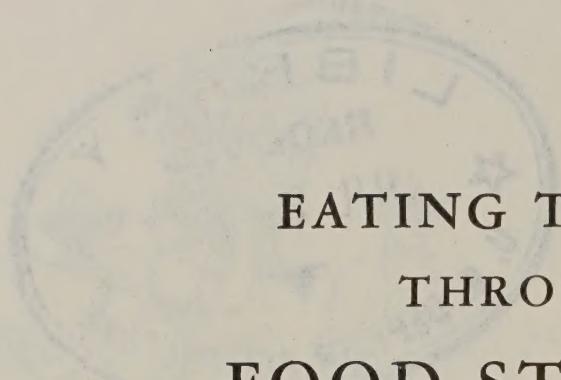
Food Stamp Plan



SURPLUS MARKETING ADMINISTRATION
U. S. DEPARTMENT OF AGRICULTURE

SMA FS 1

DECEMBER 1940



EATING THE SURPLUS THROUGH THE FOOD STAMP PLAN

MILO PERKINS, ADMINISTRATOR,
SURPLUS MARKETING ADMINISTRATION

THE Food Stamp Plan of the Department of Agriculture moves farm surpluses into the homes of families who need them.

In doing this, it accomplishes three things:

It broadens the market for food products, thus helping the farmer.

It provides more adequate diets for needy families, thus helping the consumer and building up our national health defenses.

It moves all surplus commodities through the regular channels of trade, thus helping business.

When the Food Stamp Plan was first announced upon an experimental basis, former Secretary of Agriculture Henry A. Wallace made two very significant statements before a national group which endorsed the program. He said:

1. "The conscience of the American people has long been shocked by the paradox of farmers impoverished by abundance, while at the same time millions of consumers were hungry for food which was rotting because the price for it would not pay the cost of harvesting and transportation."
2. "If this plan (The Stamp Plan) is fully successful, it means that the day is not far distant when all of the people of the U. S. will be adequately nourished. Our goal might well be to use surplus foods to end vitamin deficiency in the United States . . . Shortage of vitamin-rich food is, in my opinion, responsible for more sickness and lack of

abounding, joyous energy in the United States than the various kinds of preventable diseases . . . Gentlemen, it may well be that you are pioneers in one of the most significant public health movements of our time."

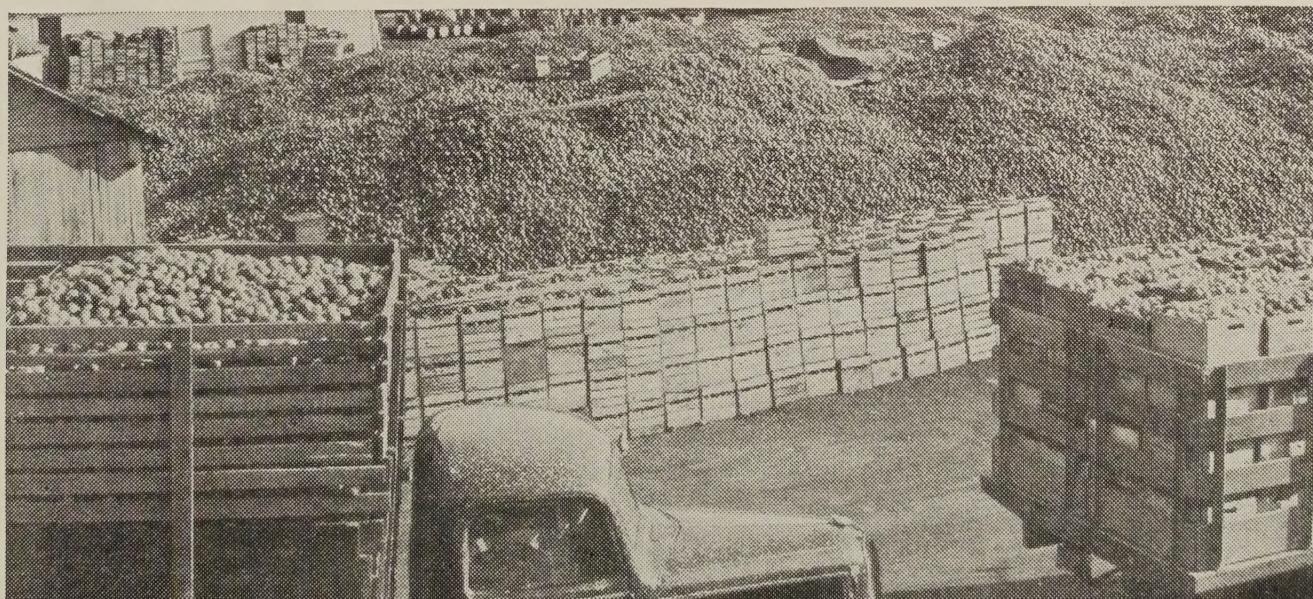
In the days of the Pilgrims, the fight was to produce enough to keep body and soul together. More than half of those early settlers died of privation that first grim winter 320 years ago. Today, the fight is to put our abundance to use. For the first time in our history, there's enough to go around. Science has taken care of that. Our economy is suffering because we have too much of the things we need most. The trouble is, we haven't learned how to distribute what we've learned how to produce.

The Farmer's Surplus

There is no question about the burdensome effect of surpluses upon agricultural income. They have been largely responsible for the fact that our farmers, while making up 25 percent of the population, get only 11 percent of the national income. With too much to sell, they cannot get a fair price for their products and maintain a decent standard of living for their own families.

Agricultural surpluses do not present a new problem, however. They have troubled us more or less for two decades. Production increases following the application of science to agriculture, dislocations in foreign trade, and the lack of consumer buying power which goes hand in hand with unemployment—these have been the major factors behind the surplus problem.

The present war, however, has intensified surplus conditions with which the country has been dealing on various fronts through a comprehensive farm program. War has choked off a large part of an



\$800,000,000 annual export market, and has increased the need to find home outlets for our farm products. Because of world conditions over which we have no control, we find ourselves in a position where we must either use more of our surpluses in our own country or face a collapse of farm prices. It is socially desirable, of course, to feed America first anyway.

Underconsumption

There is no question about the need for more food and a greater variety of it among millions of our lower-income consumers. Two-thirds of our families have been scraping along somehow on an average cash income of only \$69 a month. They cannot, on these incomes, buy enough of the vitamin-rich foods which they need. They cannot buy enough fruits or vegetables, dairy or poultry products, or meats to maintain health. It has been estimated that 45,000,000 of our people are living below the food diet danger line. Many of these are children who won't grow up to be healthy citizens unless the total problem is tackled now.

This situation is bad for the farmer, who suffers financially because he cannot sell his full production at a profit. It is even worse for the consumer, who suffers physically from a lack of body-building foods. The health defenses of the Nation, as well as its economic defenses, are weakened. It takes more than guns to defend a democracy. Adequate food is quite as important as adequate armaments. Proper nutrition is the very cornerstone of national defense.

When men are reemployed at good wages, they become better customers for the farmer than when they ate on food stamps. They buy more of the foods they need, and the farmer in turn buys more of the goods he needs from industry. Until full employment is reached,



however, common sense calls for measures which will put our farm surpluses to use now.

Stamp Plan Meets Twin Problem

The Food Stamp Plan is such a program. It is a method for meeting the twin challenge of overproduction and underconsumption. It makes it possible for the undernourished to "eat the surplus."

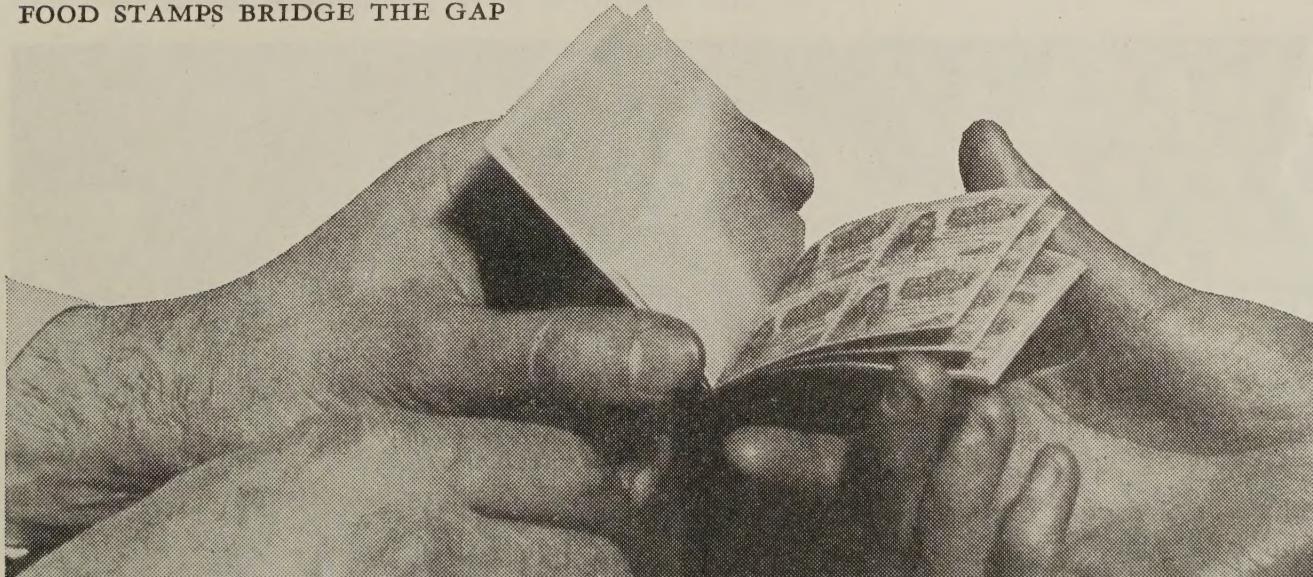
Operation of the Stamp Plan is quite simple.

Under the program, a 50-percent increase in food buying power is given to needy families in the form of special surplus food order stamps. In areas where the plan is in operation, families receiving any kind of public assistance can, on a voluntary basis, take part in the program. Their eligibility is certified by local welfare agencies.

Two kinds of stamps are used. Families may buy orange-colored stamps in the approximate amounts they formerly spent in cash for food. These are good at any grocery store for any food. With every dollar's worth of orange stamps bought, 50 cents worth of blue stamps are given to the family free. These also are good at any grocery store, but only for foods currently designated as "in surplus" (mostly dairy and poultry products, fruits and vegetables, and meats). The surplus products listed are the ones for which farmers are getting the lowest prices.

The orange-colored stamps are sold to make sure that the families using them will continue to buy as much food as they did before the Stamp Plan started. The free blue stamps, therefore, represent a net increase in the amount of food which is bought and eaten. Farmers get a new market, and the underfed get a better diet.

Instead of the 5 cents a meal which persons in public assistance families were spending, they have an average of 7½ cents for each



meal under the Stamp Plan. That's a very conservative increase, however; 7½ cents a meal at retail prices is only a third of the food allowance of the United States Army which is famous for its plain and wholesome meals. Nevertheless, it is a big help to persons who have been spending only a nickel a meal.

Surpluses Move Through Normal Channels

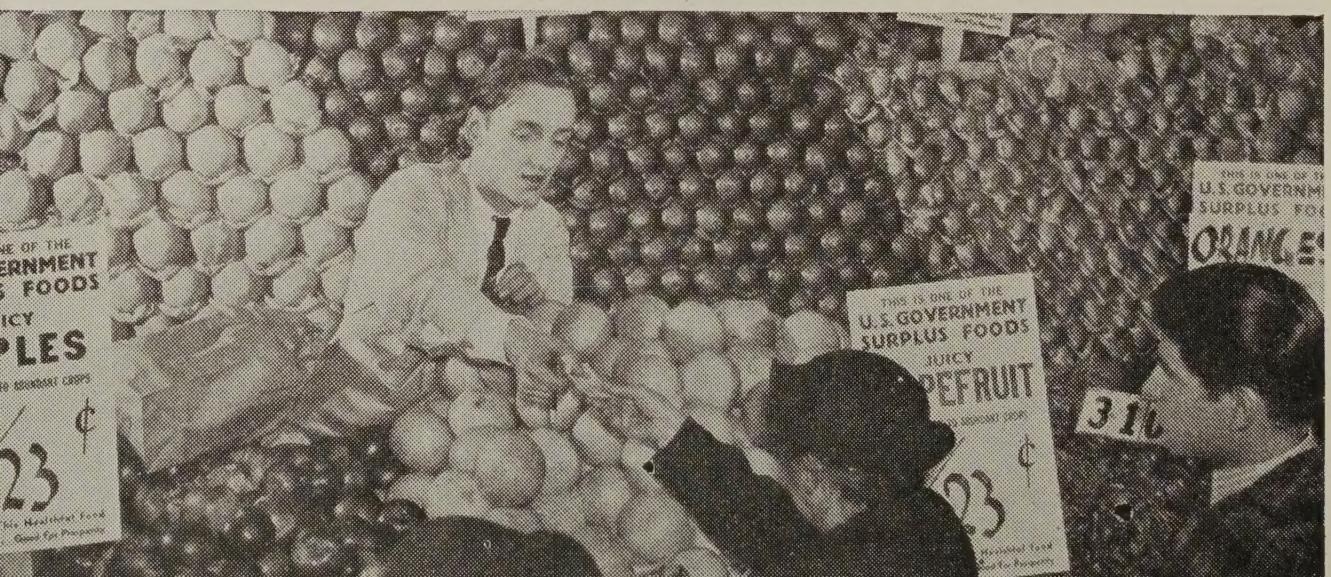
Families take the stamps, both orange and blue, to the corner grocery store and hand them over the counter, just like cash, in exchange for food supplies. Retail stores then replenish their stocks through purchases from wholesalers in the regular commercial way, and the buying power of the stamps goes back to the farmer's market. The surpluses move entirely through normal channels of trade.

Grocers paste the stamps, each of which is worth 25 cents, on special cards and redeem them from the Federal Government through their banks, their wholesalers, or offices of the Surplus Marketing Administration.

Food distributors who participate in the Stamp Plan call attention of all housewives, through aggressive merchandising, to surplus commodity values. It is thus possible to move more than \$1 worth of surplus food for each \$1 worth of blue stamps paid for by the Federal Government. This extends the benefits of the plan to every family in areas where it is operating, which is an important aid to American agriculture.

The retail grocer is the farmer's front line salesman. His store is the farmer's showcase. The farmer does not sell *to* a marketing system; he sells *through* it to 130,000,000 people, and the buying power of those people is the most important measure of his prosperity.

"The farmer does not sell to a marketing system; he sells THROUGH it to 130,000,000 people."



The Stamp Plan is essentially a cooperative program. United effort is required to make it a success. Local people have a big part to play. The federal administration of this work, therefore, is highly decentralized.

Expanding the Plan

Started experimentally in Rochester, New York, in May 1939, the Stamp Plan was extended gradually. By late 1940, it was working in some 275 areas throughout the United States and was reaching several million persons in our neediest families. If the plan could be expanded to operate on a national basis, however, it would do more than wipe out undernourishment in this land of plenty. Adequate diets for all our people would bring about a tremendous improvement in farm income. Recent studies indicate just how great an improvement can be realized.

If every family in this country making less than \$100 a month ate as much as families which do make \$100 a month, it would add two billion dollars a year to the Nation's food bill. Thirty to thirty-five million acres of land would be required to produce that extra food. That's an area about the size of the State of Iowa. Fortunately, the crops we need most to give decent diets to our own people are largely those that can readily be grown in accordance with conservation practices that will prevent damage to our precious soil resources.

The crops which we have been selling abroad, on the other hand, are, for the most part, soil depleting. Because of that, and the loss of foreign markets, acreage adjustment for crops such as wheat, cotton, and tobacco is absolutely essential to the general welfare. Such adjustments bring supplies of these crops in line with market demands, and help to achieve a balance between soil-depleting and soil-conserving crops.

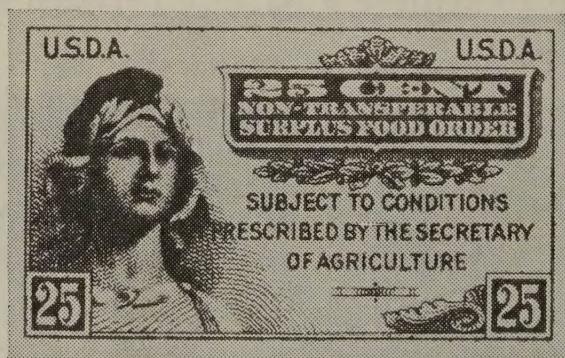
A different situation exists with respect to dairy and poultry products, meats, and most of the fruits and vegetables, however. The term "surpluses," as applied to these foods, is actually a smug, polite name for a shocking amount of underconsumption. More of them should be produced on the lands now in export crops which can no longer be sold in an overseas market. A civilization that is

commodity-rich but consumption-poor cannot survive. On the other hand, a civilization that has adequate producing capacity and the genius to use it will be impregnable. The Food Stamp Plan is only one of many ways to use our resources to the utmost.

Unfortunately, the administrative machinery of the Stamp Plan cannot be set up efficiently over-night. Once it is carefully established, however, it works on an "accordion" basis. In times of full employment, it can be contracted to serve as a business-like way of getting food to the handicapped and the unemployables. That keeps the program in existence, at a minimum cost, for times of depression when food must be gotten quickly to millions of people who have lost their jobs through no incompetence of their own. Times of heavy unemployment are times of heavy farm surpluses, and they require immediate as well as effective action.

The Food Stamp Plan, therefore, is national insurance against hunger in every area where the plan is operating. It is national insurance against a collapse in farm income. That kind of insurance is particularly important in the present world situation. It will continue to be important until international trade is restored, and we can find permanent ways here at home of providing useful work at good wages for all of our people all of the time. Meanwhile, it is generally agreed that the sensible thing to do with farm surpluses is to give the undernourished a chance to eat them, so far as that is possible. Only a healthy people can meet the challenge of total defense that now faces us.

Details of program operation in individual areas where the Stamp Plan is in effect can be secured by writing to the SURPLUS MARKETING ADMINISTRATION, UNITED STATES DEPARTMENT OF AGRICULTURE, WASHINGTON, D. C.



THE FOOD STAMP